

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6478

BILL NUMBER: SB 107

DATE PREPARED: Nov 23, 1998

BILL AMENDED:

SUBJECT: Increase in public employee pensions

FISCAL ANALYST: James Sperlik

PHONE NUMBER: 232-9866

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides that the multiplier used in calculating PERF or TRF pension benefits for retirees is 1.1% plus an additional 0.02% for each year of service in excess of ten years, with a maximum multiplier of 1.5%. (Current law provides that the multiplier is 1.1%.)

Effective Date: July 1, 1999.

Explanation of State Expenditures: This bill would increase the benefit multiplier under PERF and TRF from 1.1% to 1.5% for all benefits payable after June 30, 1999. The increase in benefits would be applicable to all members including benefit recipients and terminated members with vested benefits.

PERF

The impact for PERF is shown in the table below:

	State	Municipalities	Total
Additional Unfunded Accrued Liability	\$750 million	\$867 million	\$1,617 million
Additional Annual Funding	\$80 million	\$97 million	\$177 million
Additional Funding as a % of Payroll	6.73%	5.69%	6.28%

The funds affected for the state are the State General Fund 55%, or \$44 million and various dedicated funds 45%, or \$36 million. The State General Fund contributes 55% of the personal services in the state, while

various dedicated funds contribute 45%.

TRF

The increase in the unfunded accrued liability would be \$2,992 million. The increase in payout for the first year would be \$109 million, while the increase in payout the second year would be \$114 million. The fund affected is the **state General Fund**.

Explanation of State Revenues:

Explanation of Local Expenditures: For PERF see explanation of state expenditures above. For TRF, the impact likely will mean an increase in the employer contribution level from the current 7.66% of active payroll.

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected: Municipalities with members in PERF; Local school corporations with members in the new TRF plan.

Information Sources: Doug Todd of McCready & Keene, Inc., actuaries for PERF, 576-1508; Denise Jones of Gabriel, Roeder, Smith & Co., actuaries for TRF, 1-800-521-0498.